

## Message Text

CONFIDENTIAL

PAGE 01 VIENNA 08196 121202Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-05 OMB-01 CEA-01 CIAE-00 INR-07  
NSAE-00 SIL-01 LAB-04 /073 W  
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FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC 3268

C O N F I D E N T I A L VIENNA 8196

E.O 11652: GDS  
TAGS: PDIP, AU  
SUBJECT: CALL ON VICE CHANCELLOR/FINANCE MINISTER ANDORSCH

REF: VIENNA 8074

1. IN MY INITIAL CALL ON VICE CHANCELLOR/FINANCE MINISTER  
ANDROSCH SEPTEMBER 9, WE SPENT SOME 45 MINUTES IN WIDE-

RANGING DISCUSSION OF VARIOUS ECONOMIC TOPICS. AS IN

EARLIER CALLS ON PRESIDENT AND CHANCELLOR, RECEPTION WAS  
MOST CORDIAL.

2. IN DISCUSSING CURRENT STATE OF AUSTRIAN ECONOMY, ON  
WHICH ANDROSCH WAS GENERALLY BULLISH, THE VICE CHANCELLOR  
SAID THAT PRINCIPAL ECONOMIC PROBLEM HAS BEEN WAGE  
SETTLEMENTS, WHICH HAVE EXCEEDED INCREASE IN PRODUCTIVITY  
IN RECENT YEARS. THE ADMINISTRATION PRESENTLY IS  
HAMMERING OUT POLICY FOR COMING YEAR AND KEY ELEMENT  
WILL BE DECISION ON HOW MUCH TO HOLD BACK ON WAGE  
INCREASES. ANDROSCH SAID THAT NEED FOR RESTRAINT GENERALLY  
HAS BEEN ACCEPTED BY UNION LEADERS BUT NOT BY THE RANK  
AND FILE AND THEIR POLITICAL REPRESENTATIVES.

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PAGE 02 VIENNA 08196 121202Z

3. IN RESPONSE TO MY QUERY ABOUT PRESSURES ON THE  
HARD SCHILLING POLICY, ANDROSCH SAID THAT DESPITE THE  
INCREASING TRADE DEFICIT THERE WAS NO VIABLE ALTERNATIVE  
FOR AUSTRIA. THE UNQUALIFIED NATURE OF HIS  
RESPONSE INDICATES SOME DIFFERENCE OF OPINION WITH  
CHANCELLOR KREISKY WHO HAD TOLD ME EARLIER (SEE REFTEL)  
THAT HE FAVORED A SLIGHT DEVALUATION VIS-A-VIS THE

DMARK WHICH PROBABLY WOULD BE ACCOMPANIED BY VERY  
SELECTIVE IMPORT DISINCENTIVES (E.G. FOR AUTOMOBILES).  
WHILE ANDROSCH IS SEEKING AN ARRAY OF MEASURES TO LIMIT  
DEMAND AND REVERSE THE DEFICIT TREND IN THE TRADE  
ACCOUNT, I INTERPRET HIS COMMENTS TO INCLUDE BROADER  
IMPORT CONTROLS THAN THE CHANCELLOR INTIMATED.

4. ON OTHER TOPICS, ANDROSCH EXPRESSED DISAPPOINTMENT  
WITH THE RESULTS FOR FOUR YEAR'S EXPERIENCE WITH FLOAT-  
ING EXCHANGE RATES AND INDICATED HIS PREFERENCE FOR  
FIXED RATES. HE ALSO REITERATED GOA POLICY WHICH  
ATTACHES GREATER IMPORTANCE TO MAINTAINING FULL  
EMPLOYMENT THAN TO BRINGING DOWN INFLATION (ALTHOUGH  
AUSTRIA HAS HAD SUCCESS ON BOTH COUNTS OVER THE LAST  
COUPLE OF YEARS).

5. ANDROSCH EXPRESSED CONCERN ABOUT THE EFFECT ON  
INTERNATIONAL MONETARY COOPERATION OF US ACTIONS  
(STATEMENTS) THIS SUMMER WITH RESPECT TO THE VALUE  
OF THE DOLLAR, AND INDICATED KEEN INTEREST IN WHAT  
WE WOULD DO NEXT. HE TERMED THIS A WIDELY HELD  
EUROPEAN VIEW IMPLYING THAT IT WOULD BE A MAJOR TOPIC  
OF DISCUSSION AT THE FORTHCOMING IMF/IBRD MEETINGS  
HE NOTED, TOO, THAT WHEN THE OPEC FINANCE MINISTERS  
MET HERE IN AUGUST SEVERAL HAD TOLD HIM THAT THE  
CONTINUING DECLINE IN THE VALUE OF THE DOLLAR WAS  
ERODING EFFORTS BY THE "MODERATE" COUNTRIES TO RESTRAIN  
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PAGE 03 VIENNA 08196 121202Z

THOSE PRESSING FOR A CRUDE OIL PRICE INCREASE.

6. BEFORE DEPARTING I REFERRED TO THE PARAGRAPH IN

THE OECD MINISTERIAL COMMUNIQUE URGING FURTHER EFFORTS  
TO STRENGTHEN THE EXPORT CREDIT CONSENSUS, AND  
INDICATED OUR INTEREST IN GOA ADHERENCE TO THE CONSENSUS.  
THE VICE CHANCELLOR'S ADVISER WHO SAT IN OUR MEETING  
SAID THAT THE GOA WAS MAKING CHANGES IN ITS EXPORT  
SUPPORT OPERATIONS TO BRING THEM INTO LINE WITH THE

CONSENSUS WOLF

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, FINANCIAL TRENDS, MEETING REPORTS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
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**Executive Order:** GS  
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**Expiration:**  
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**Reference:** 77 VIENNA 8074  
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**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** CALL ON VICE CHANCELLOR/FINANCE MINISTER ANDORSCH  
**TAGS:** PDIP, AU, US, (ANDROSCH, HANNES)  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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